



# CALIFORNIA STATE BOARD OF EDUCATION

## SEPTEMBER 2004 AGENDA

### SUBJECT

Charter Schools: Determination of funding requests for 2003-04 (and beyond) and for 2004-05 (and beyond) for Nonclassroom-based Charters

- ☒ **Action**
- ☒ **Information**
- ☐ **Public Hearing**

### RECOMMENDATION

Approve various 2003-04 (and beyond) and 2004-05 (and beyond) determination of funding requests from charter schools pursuant to *Education Code* sections 47612.5 and 47634.2, and *California Code of Regulations*, Title 5 sections 11963 to 11963.6, inclusive, based upon the recommendations of the Advisory Commission on Charter Schools (ACCS) and the California Department of Education (CDE).

### SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION

SB 740 enacted (possible) funding reductions for charter schools that offer nonclassroom-based instruction. Nonclassroom-based instruction occurs when a charter school does not require attendance of its pupils at the school site under the direct supervision and control of a qualified teaching employee of the school for at least 80 percent of the required instructional time. For 2003-04 and each fiscal year thereafter, the law states that funding reductions of 30 percent of qualifying charter schools' nonclassroom-based average daily attendance (ADA) shall be made unless the State Board of Education (SBE) determines that a greater or lesser percentage is appropriate for a particular charter school. Furthermore, pursuant to SB 740, a charter school is prohibited from receiving any funding for nonclassroom-based instruction unless the SBE determines its eligibility for funding.

SB 740 also established the ACCS to develop the criteria for the SBE to use in making funding determinations. The ACCS also provides recommendations to the SBE on appropriate funding determinations for nonclassroom-based charter schools and on other aspects of the SBE's duties under the Charter Schools Act.

The SBE adopted permanent regulations that became operative in November 2003 that specified the criteria that a nonclassroom-based charter school must meet in order for the SBE to determine that the school shall receive 100 percent funding. For 2003-04 and each fiscal year thereafter, the full funding criteria are that at least 50 percent of the school's public revenues must be spent on certificated employee salaries and benefits, at least 80 percent of all revenues must be spent on instruction and instruction-related costs, and the student-to-teacher ratio may not exceed the student-to-teacher ratio of the largest unified school district in the county in which the charter school is located. Schools must spend a minimum of 40 percent on certificated employee salaries and

benefits and 60 percent on instruction and instruction-related costs or the funding percentage is zero. Pursuant to the regulations, the SBE may approve a higher or lower funding level than the criteria would prescribe based upon mitigating circumstances of the school that indicate that a higher or lower funding level is appropriate.

### **SUMMARY OF KEY ISSUES**

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The ACCS recommendations on funding determination requests for 2003-04 and 2004-05 were approved at the ACCS meeting on August 11, 2004, and are included in Attachment 1.

### **FISCAL ANALYSIS (AS APPROPRIATE)**

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A determination of funding request approved at less than the 100 percent level may result in reduced apportionment claims to the state. The reductions in claims would result in a proportionate reduction in expenditure demands for Proposition 98 funds. All Proposition 98 funds, by law, must be expended each fiscal year. Thus, a reduction in apportionment claims may be more accurately characterized as an expenditure shift than as absolute savings under typical circumstances. In 2002-03, funding determination requests approved by the SBE at less than 100 percent resulted in over \$30 million in reduced apportionment claims. The reduction in 2003-04 is expected to be smaller.

### **ATTACHMENT(S)**

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Attachment 1: 2003-2004 and 2004-2005 Funding Determination Requests (2 pages)

**2003-2004 and 2004-2005 Funding Determination Requests  
September 2004**

**2003-2004 (AND BEYOND)**

The following determination of funding requests are recommended for approval by the State Board of Education for two years (2003-2005) at the 100 percent level. The reasons justifying a level higher than 70 percent in 2003-2004 and beyond are that (1) the school met the minimum criteria specified in regulation for the 100 percent level, and (2) the school presented sufficient evidence (taking the totality of the request into account along with any other credible information that may have been available) that the 100 percent funding determination level is necessary for the school to maintain nonclassroom-based instruction that is conducted for the instructional benefit of the student and is substantially dedicated to that function.

<b>Charter Number</b>	<b>Charter Name</b>	<b>2003-2005</b>
#108	Chrysalis Charter School	100%
#335	PAL Academy	100%
#430	Mineral Charter School	100%

**2004-2005 Funding Determination Requests  
September 2004**

**2004-2005 (AND BEYOND)**

The following determination of funding requests are recommended for approval by the State Board of Education for three years (2004-2006) at the 100 percent level. The reasons justifying a level higher than 70 percent in 2004-2005 and beyond are that (1) the school met the minimum criteria specified in regulation for the 100 percent level, and (2) the school presented sufficient evidence (taking the totality of the request into account along with any other credible information that may have been available) that the 100 percent funding determination level is necessary for the school to maintain nonclassroom-based instruction that is conducted for the instructional benefit of the student and is substantially dedicated to that function.

<b>Charter Number</b>	<b>Charter Name</b>	<b>2004-2007</b>
#267	Julian Charter School	100%
#282	Eagles Peak Charter School	100%

The following determination of funding requests are recommended for approval by the State Board of Education for one year only (2004-2005) at the 70 percent level.

<b>Charter Number</b>	<b>Charter Name</b>	<b>2004-2005</b>
#013	Options for Youth-Victory Valley	70%
#105	Options for Youth-Upland	70%
#117	Options for Youth-San Gabriel	70%
#130	Options for Youth-Burbank	70%
#139	Options for Youth-Mt. Shasta	70%
#188	Opportunities for Learning-Hacienda	70%
#214	Opportunities for Learning-Wm. Hart	70%
#217	Options for Youth-San Juan	70%
#402	Opportunities for Learning	70%
#463	Opportunities for Learning-Capistrano	70%